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This Brief is presented with the sincere hope that along with all other Briefs, the Committee, and the various Governments involved may be able to untangle the "Tax Jungle" as it exists to-day, return to the individual those things that are his responsibility and at the same time, equitably levy on Society sufficient taxes to pay for those services that are created by Society, and which the Individual cannot supply for himself.

It is highly probable that some of the ideas or opinions expressed in this Brief, may be identical with, or similar to, those expressed by Economists, Tax Experts or others interested in this subject. However, I have compiled and written this Brief without reference to any other writings or articles, and all ideas and recommendations are my own. For this reason I am willing to discuss, argue about, or defend if necessary my opinions.

Preface,-

While this Committee is empowered to make a study of taxation as it applies to the operation of the Province of Ontario and its Municipalities, and all efforts and remarks should be directed to this end, nevertheless, it is a <u>must</u>, that some consideration be given to the operation of Government at these levels, for without Government, there would be no need for taxes, and without taxes, there could be no Government.

Before any changes or reductions in taxes are proposed, it must be ascertained whether or not the existing services rendered by Government are necessary, and if they are, are they being properly and efficiently operated. Having ascertained this, we must then see that those services which are rendered by Government to the people, are paid for on an equitable basis, by the people who receive those services.

Set up and Operation of Government in Canada,-

I believe that the Democratic form of Government which exists in Canada is the best form of Government yet devised by man, but it is also the most costly and inefficient. We are grossly overgoverned for a Country of our size and population. One Federal, not more than 5 Provincial and 50% of the existing Municipal Governments that we have now would be ample. The County system of Government is obsolete and unnecessary and should be abolished. Municipal Government should consist of Cities and Towns for Urban areas, with rural areas operating under the Township system. Cities should be any area with common problems with a population of over 25,000. Towns should run from 10,000 to 25,000 and

everything else should be left in the Township plan.

Representation at all levels of Government should begreatly reduced. The smaller the number of members of any elected body, the greater the efficiency. Provincial members of Parliament should not exceed one per 100,000, of population. A City Council should not have more than 10 members until it reaches a population of 250,000 and needs a Board of Control. A maximum of 6 is ample for a Town and 3 to 5 members of Council is sufficient for any Township Council. All Cities and Towns should operate on the Manager or Administrator form of Government with the Council acting merely as a Board of Directors. All members of all elected or appointed bodies should be adequately paid for their services, and the remuneration fee should be standard right across the Province.

Reasons for Existing Tax Confusion;-

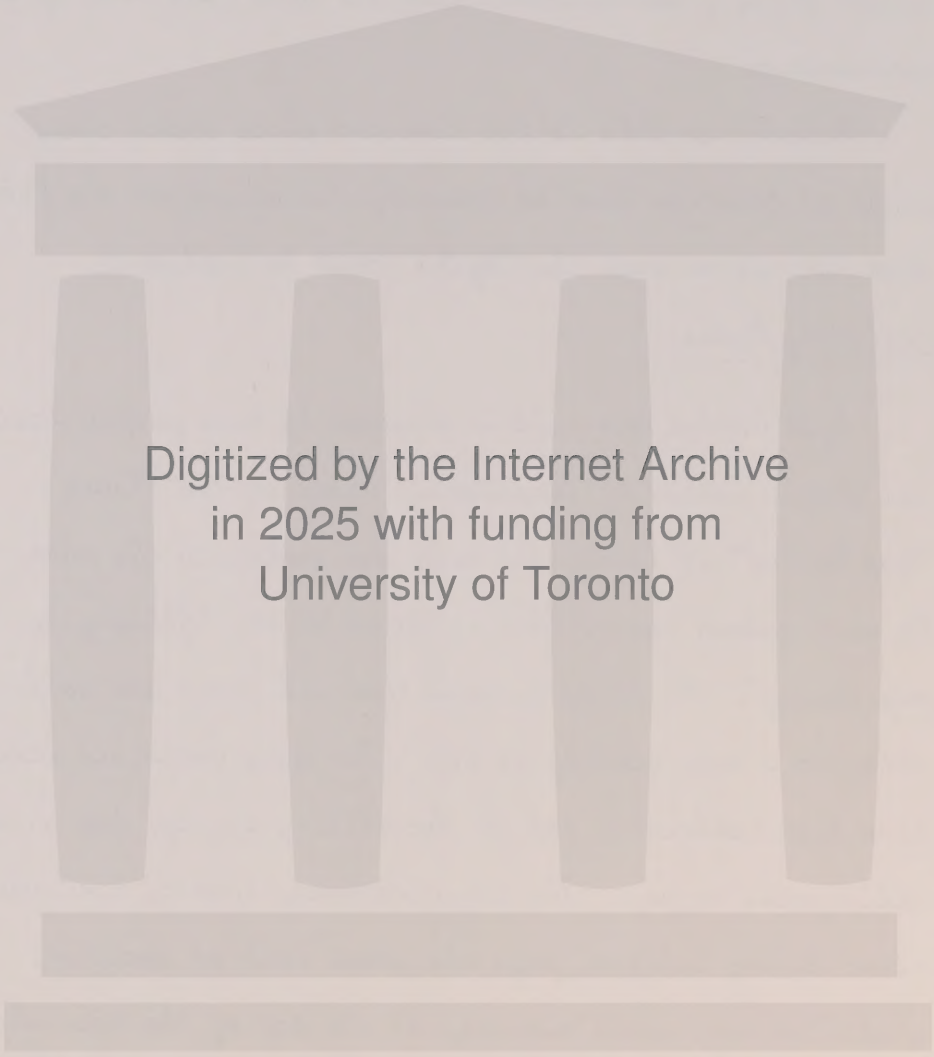
While somewhere in the past, there may have been some reason for certain taxes, to-day, all taxes are levied and collected for the sole reason of raising revenue, and nearly all revenue goes into a "common pot" from which all expenditures are made. Thus, many taxes are obsolete, some cost more to collect than they bring in, and with the tremendous number of taxes, the modifications and exemptions applying to each one, the administrative and collecting costs are astronomical. Also the reason for many taxes is to pay for services that Government has taken over bit by bit from the Individual and which in many cases are still his responsibility and which he is quite capable of handling.

While "myths or Sacred Cows" are usually attributed to backward, undeveloped Countries, actually the greatest number of myths can be attributed to the well educated Countries operating under the Democratic form of Government. Nowhere are there so many unexploded myths as there are concerning taxes, and the operation of Government. The basic reason for this, is, that under an elected form of Government, it is considered much better to "leave well enough alone", rather than "rock the boat" and stir up a controversy.

However as this is the time and place where every phase of taxation must be squarely placed before the Public, then like it or not, the "Myths" must be exploded.

Exploding Myths;-

Myth Number One- It is assumed by most people that our entire method of Taxation is based on the "Robin Hood Method" of taxing the rich and giving to the poor. In more modern terms, this is known as the "Ability to pay theory". It being assumed that all taxes are collected on a mans ability to pay. For many years, all taxes have been collected, not on the ability to pay, but on the willingness to pay. The conscientious, honest, hard working, clean living citizen, pays the great bulk of taxation, while the very small minority at the top of the heap who own the bulk of the wealth of the Country, merely add on all taxes tothe selling price of their products or goods. At the same time a similar number of the "Social Deadbeats" at the bottom of the heap, ride the gravy train at the expense of the working man.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Myth Number Two;- Whenever anyone contemplates a new tax, it is always Politically popular to say that it will be levied on, and collected from, Industry, Business, Corporations or some other inert object, and for this reason, the hard pressed individual will be spared. Industry, Business, Buildings, the Automobile or any other object, never has, or never will, pay one cent in taxes. It is just as reasonable to try to collect taxes from tombstones in a Graveyard as it is to collect from a building or a Corporation.
Man, "Homo Sapiens", the ultimate consumer of all goods and services, is the only place from which taxes can be collected, and in turn, he is the only recipient of the expenditure of tax money.

Every cent of taxes levied by any Government against any business firm is just another cost of doing business, and these taxes are added into the price of the finished product or service, and are paid by the ultimate purchaser of the product or service. Not only does the Consumer pay the initial tax, but he pays tax upon tax, upon tax and also a markup on the tax each time the product changes hands.

Myth Number Three;- The Public will scream in many cases about subsidies from tax money being given to certain services which are deemed to be in the Public interest. In many cases these subsidies are necessary because of the unfair competition of other services which are partially or wholly paid for from tax money. The prime example of this is the small amount given to Public Transit and the Railways from tax funds, yet the Truck and the private car run on roads supplied and paid for 100% from taxes, without a single cry from the Public. Anything that is partially or totally paid for from taxes is Subsidized.

Myth Number Four;- At the Municipal level, the cry for years has been, that the Real Estate Tax can no longer carry all the Municipal services. Thus the Municipalities have asked for, and received, financial help from the Province, who in turn has gone to the Federal Government. When a Municipal project is partially, or totally, paid for from funds received from Senior Governments, the story always is, the the project has not cost the local taxpayer any money, or has only cost him a small part of what it would have cost if the Municipality had gone it alone. As the money received is considered as "money from home", there is a tremendous tendancy to spend, spend, spend, without any consideration as to whether or not the project is necessary or beneficial. Yet the money spent is collected from the self same property owners whom, it was claimed could not afford to pay any more. It may be, that a taxpayer in Toronto helps to build a school in North Bay, but the North Bay taxpayer pays for a road in Toronto.

Myth Number Five;- Most people are under the impression that the Municipalities must operate on a pay as you go budget, paying this years operation from this years taxes. While this is true as to current account, the gimmich is, that anything that is deemed necessary and for which there is no money, is debentured, and then paid back by future taxpayers with interest, which usually runs about the same as the inital cost, so that every debentured project costs double by the time it is paid for. It can be argued that without debenturing, no Town or City could afford all the Schools, roads, libraries, rinks etc that it must have. If it was merely a matter of debenturing for a few years and then wiping off all debts in the next few, there could be

some justification, but, debenturing goes on year after year, and thus, every debentured project is paid for twice. If we can afford in the long run to pay for things twice, then we should be able to pay for them in the first instance, once, or have twice as many schools, roads, etc. for our money.

Division of Responsibility between Province and Municipalities as to Taxing and supplying of Services.

It is my belief that the Government that spends the money should levy and collect that money in taxes. There should be no handing down from one Government to another, any sums of money, either for specific purposes or as general overall grants. The giving of money without strings attached leads to overspending as the money is looked on as a gift. Money doled out for specific purposes causes Political friction and leads to patronage.

The Municipal Government should look after all those services which are needed by the individual in his day to day living, and are all contained within the boundaries of the Municipality or can be operated in conjunction with an adjacent Municipality. Such services as water, garbage collection, curbs and gutters, sewers, Police and Fire protection etc.

The Province should handle all those things which go beyond the Municipal boundary and which benefit Society as a body. In this category I would place Education. All schools should be built and equipped by the Province and all operating expenses should be paid for from Provincial revenue. To this, I would also add another service which is now a Hodge Podge of private and Government operation. This is the building and maintaining of Hospitals. All Hospitals should be built, maintained and operating by the

Province. My reason on this is that a major illness is something, over which no one has any control and can be a major catastrophe. As to the arguments put pp by the Doctors, I believe that the day to day, Doctor and patient relationship could still be carried on, as is, and covered either on a fee basis or covered by insurance supplied by Free Enterprise.

Other things that the Province now renders to the Public as a body, should be still operated by them and taxes levied to pay for them.

Roads should be a Provincial Responsibility and the entire costs of everything upon which the car or truck moves, including the maintainence should be paid for on a "pay as you ride" basis. Super Highways and major bridges should charge a toll, and all other roads including those now within the boundaries of the Municipalities should be taken over by the Province and should all be paid for by the car or truck owner by using either license fees or gas tax or a combination of both.

How to Finance the Operation of Government;

Under a Democratic System, we must have Government. If we have Government, we must have taxes to pay for that Government. However taxes can reach the paint where they Stifle the economy and make slaves of the Citizens. Thus we must decide how much Government we want, and how much we are willing to pay for that Government. Having ascertained this, then it is necessary to find some equitable way of raising the money through taxation.

Financing both the Province and the Municipalities;

Government must get out of all fields of business and services that the Individual can handle for himself through the Free Enterprise system. Anything that Free Enterprise is willing to supply should be turned over. If it is a service which could be abused or become a monopoly, then it could be controlled by some Government body as to prices etc.

The collection of license fees, or permits should only bring enough revenue to pay for the cost of operating the service. In other words a license should be granted as a means of controlling some type of operation and should not be considered as a source of revenue. As an example, dog tags should pay for the cost of issuing same, the operating of a dog control program and keeping of a pound.

Services which are deemed necessary to be operated by Government and supplied to the Public, and which, can be weighed, metered, or measured in any way whatsoever, should be paid for on a use basis. Power is the example in operation now. Other services that could be added to this at the Municipal level are Water, Sewers, Garbage collection, use of zoos, museums, libraries, parking facilities etc.

Then all other services which benefit the Public as a body, and which are created by Society, should be paid for by that Society, by one tax and one tax only, and this tax should be levied on the basis of collecting it from everyone, not on his ability, or willingness to pay, but on the basis of the opportunities and privildges given to him by Society. This tax is a "Land Tax" or better still a "Land Rental Tax".

Why a Land Tax?-

A single tax rather than hundreds of individual taxes will be much simpler to levy, collect, and administer. It is my belief that with only one tax, the cost of handling at the Municipal level could be cut by 50% and by at least 60% at the Provincial level.

Land, which includes air, water, minerals and everything else, placed here by nature, is the one commodity for which every individual in some way or another requires to live and make a living. To try to divide it up equally would be impossible. By the same token however to use its every increasing value to finance Society is fair and just.

The only thing that adds value to land, other than for agriculture purposes, is the increase in Population. Thus as people give land its value, then why not use that increased value for their benefit?

Slums are created only because it is more profitable to keep run down buildings, under a system where land is taxed low, and building improvements high. Under a land tax, slums will gradually disappear, and it will not be necessary for the State to acquire slum property at high prices for rehabilitation.

Urban sprawl, gray belts of land held for speculation, all around our major Cities, miles of services past vacant fields to get at leap frogged development, are all products of our existing taxation system which would gradually vanish under a land tax.

It will be argued that with only one tax on land, which must of course be paid for by the property owner, then all income taxes, sales tax and all others must be shifted to the property owner and his tax would go away up. This is true, but if Government gets out of all unnecessary services,

and with only one tax to collect and administer, it is my belief that the total amount of taxes necessary to operate the Country at all levels, could be reduced by at least 50% and perhaps more. Even taking the outside view, that there can be no overall reduction in the total amount of tax needed to operate Government, and the individual is still required to supply the same amount of total taxes that he does now, by collecting it at one time and from one source, the collecting and administrating costs must be far less. Thus if no additional revenue is raised and the total amount of taxes (and this is all that anyone is interested in) is collected onthe same proportionate basis, then each individual's share must be less under one tax, no matter from what source that tax is collected. However as the situation now exists, the 5% or less of the population who control over 60% of the wealth of the Country, and who are able to pass along all their taxes to the consumer, would no longer be able to do this with a land tax, and consequently would be required to pay their fair share of supporting Society. Thus the one untapped source of taxation is made available to Government, to help finance that Government. As it is land from which all wealth must originate, then it is from land or the access to it, that all taxes should be collected.

The major arguement against a land tax, will come from those who claim that it is the inherent right of the individual, to do what he wants with his land, even if it means allowing him to sit on it for years and keep it out of use, while Society increasesits value for the owner, by the ever increasing rate of population, which needs, and must have land to live and exist. I have no objection to anyone owning or holding land, just so long as he pays his fair share to Society for that privilege.

Collecting Taxes;-

I think that is quite obvious, that if the Government at any level can levy, collect and administer taxes from hundred of sources, then to handle only one tax will pose no problems at all.

From the collection point, at the Municipal level, the structure is already there. All land is now assessed, but although the Municipal act states that it shall be assessed at its actual value, the value placed on land is usually anywhere from 5 to 40% of its actual value. Thus to change this, all that is needed, is to make up new cards for each property, drop all assessement on buildings, equipment, business and anything else and assess land at its actual value.

The Province then in turn could utilize the records of the Municipalities to get an overall total of land values and levy a rate equal to its needs.

Or as an alternative, all Assessing could be handled at the Provincial level, and then in turn each Municipality levy according to its needs from the assessed value within its borders.

The one, and only objection, to this will come from those who will claim that to be effective, taxation must be complicated. This is very true to-day, where it is doubtful if even 1% of the population have the slightest idea as to how the taxation structure operates. Even the experts who make their living in the trade cannot agree.

A Tax on land or increased value of land, is Just and Fair, it renders unto Society those benefits which are created by Society. What more can anyone ask?

Conclusions;-

It can be argued that my ideas are not sound, that my suggestions are not practical, and that my theories are too radical, and because I am not an expert in the field of taxation, this brief should not even be given consideration. As this is the type of thinking that dominates our Democratic Society, this is the reason why, it is almost impossible, to get "John Doe" the average Citizen, to take any interest in the operation of his Country. For every time he opens his mouth with a constructive suggestion, which does not jibe with the accepted principles, he is slapped down hard and put in his place, until such a time as he takes the "so what's the use" attitude and joins the great mass of society which contributes little or nothing to progress, and in turn receives the bare necessities of life.

However, after reading the Information Memorandum and talking to the staff of this Committee, I am certain that everyone, and every group, will get a fair opportunity of presenting their views, no matter how different they may be. This is the way it should be.

I have no axe to grind, I donot contend to represent any Associationor Group. I would hope that the great unorganized mass of Taxpayers would back my principles in trying to do something, even if they do not like my theories.

I have but one objective in submitting this brief, and that is to do my part to see that our Democratic form of Government operates in the way it should, and that Government is the servant of the people and not the Master.

I firmly believe that when the State reaches the point where it demands and receives 50% or more of the income or labor of its subjects, at this point, the Subject is no longer a free man but a slave, and it is only a matter of time, before the Civilization represented by that State, crumbles and falls, not from the "invasion from without", but "from the corruption from within". It matters not whether the Government be a Dictatorship, A Monarchy, a self appointed President, or elected by the people, the end results will be the same.

We have now passed the 40% mark in supplying our Governments with revenue. At the same time we are running fantastic deficits which can only mean higher taxes. At the present rate of increase, we will pass the 50% point of no return, within 10 years. Thus, we have 10 years in which to set our house in order "tax'wise" or we will live to see our children and grandchildren living under another system, where Free Enterprise is stifled and there will not be the opportunity such as is given here for Free Men to express their ideas. The Challenge has been given, it is up to this Committee and others like it to find the answers, and having found them, to exert enough pressure onthe Elected Officials, to get something done at once. Briefs, Reports, Studies, and the results of Hearings filed away in Government Office Basements are costly and useless. Implemented they can save our Democratic Society.